

The Daily Leader

Serving Lincoln, Lawrence, Franklin and Copiah Counties

May 23, 2012

Ruth Goldway, Chairman
Postal Regulatory Commission
901 New York Avenue NW,
Suite 200
Washington, DC 20268-0001

Docket No. MC2012-14

Docket No R20012-8

RE– Potential Reaction by Community Newspapers

Dear Chairman Goldway,

The recent proposal by the United States Postal Service to allow certain additional steep discounts to Valassis Direct Mail Inc., that are not allowed to smaller independent mailers is troublesome and may have a direct impact on my local operations here in southwest Mississippi.

My small newspaper companies produce two weekly TMC products, which are delivered via the US Postal Service reaching non-subscribers of our daily and weekly newspapers in a multi-county area of Southwest Mississippi.

Our postage expenditure for both publications is just over \$170,000 annually. We mail approximately 1.1 million standard mail pieces each year. These are entered at the DDU level to ten rural PO's serving our area. I believe my two companies to be the single largest dollar and volume mailer for these area PO's.

The ability of Valassis and other high volume national and regional mailers to receive discounts not available to everyone else puts my operations at a distinct disadvantage in my market with big-box retailers. Valassis will be in a position to undercut my pricing and thus my ability to survive as a competitor in the local market.

SOUTHWEST PUBLISHERS INC.

PO BOX 551 – 128 North Railroad Avenue – Brookhaven, Mississippi 39601- 601-833-6961

Since we have already cut our inserting, labeling and processing costs as far as possible to react to the recession, our only other alternative to further cost cuts is in our delivery method.

We have an established newspaper carrier system delivering our daily newspaper to most of the same areas each day. We also have a limited carrier delivery system at our weekly newspaper. I would prefer to keep the delivery of our TMC products with the USPS but this NSA agreement with Valassis may force my hand.

Across the country there are many small daily and weekly newspapers that are likely in the same situation. I am not an accountant but if USPS loses 1.1 million pieces of volume in southwest Mississippi, how much new Valassis discounted volume does USPS need to replace for the lost revenue from my operation? How much discounted volume is needed if 50 or 100 similar sized small community newspapers across the country convert to their own delivery system? How does a loss of \$170,000 in revenue at the Brookhaven Post Office affect the financial status of the Brookhaven Post Office?

Or this question, if Valassis were successful in converting my customers to their own weekly mailed product but were to receive the NSA proposed 30% discount, the USPS would retain their volume by simply moving it from the right hand to the left but would be delivering such for \$51,000 LESS per year than my companies are paying now! What has USPS gained other than to do the same work for less revenue?

Since 1883 my newspaper has been covering the news of this area apparently with some success as we still roll the presses each day. Our news coverage is a vital service we offer in our community as a civic leader and a holder of the public trust. It is a responsibility we hold dear, but one that requires a certain support by our readers and our advertisers. This effort by the USPS will impact our ability to continue our community leadership role in the manner our readers have come to expect and our community needs.

My newspaper has a 28-year relationship with the USPS delivering our TMC/direct mail pieces. I do not understand why the Postal Service wants to jeopardize that relationship. It is only fair that the PRC keeps the playing field level for all mailers – both large and small.

Thank you for your time and consideration.

Sincerely,

William O. Jacobs
President and Publisher

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